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CLASSIFICATION [redacted]

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT

CD NO.

COUNTRY East Germany

DATE DISTR. 20 June 1955

SUBJECT Information on VEB INEX

NO. OF PAGES 4

PLACE ACQUIRED

NO. OF ENCLS. (LISTED BELOW)

DATE OF INFO.

SUPPLEMENT TO REPORT NO.

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THIS IS UNEVALUATED INFORMATION

[redacted]

1. The following is a listing of the [redacted] of the Main Department for Power Plants (Hauptabteilung Kraftwerke) of VEB INEX (Industrieanlagen-Export), Berlin-Koepenick, Karl-Spindlerstr. 4, as of 1 November 1954: 25X1

a. Main Department T 3: Chief - Spott (fnu)
b. Department T 31: Chief - Kolbe (fnu)
c. Department T 32:
(Quotations - Offerten); Chief - Ufer (fnu)
Offerten engineers: Kuhnt (fnu), Konsien (fnu)
Wilke (fnu)
Sachbearbeiterin: Rund (fnu)
d. Department T 33 (Technical department): Deputy chief - Voigt (fnu)
e. Department T 331 (Brigade for China): Brigade chief - Heyne (fnu)
Designing engineers: Bayer (fnu)
Poller (fnu)
Electrical [redacted]: Reich (fnu)
[redacted] engineer: Mitz (fnu)
f. Department T 332 (Brigade for Poland): Brigade chief - Hoerold (fnu)
Designing engineer: Steffen (fnu)
Production engineer: Pieper (fnu)
Draftsman: Hermann (fnu)
g. Department T 333 (Brigade for small power plants in the USSR):
Brigade chief: Buszinsky (fnu)
Designing engineers: Fiedler (fnu)
Oswald (fnu)
Electrical [redacted]: Weckwerth (fnu)
Bossek (fnu)
h. Department T 340 (Brigade for Hungary):
Brigade chief: Wunderlich (fnu)
Designing engineers: Thomas (fnu)
Neue (fnu)
Schwarzer (fnu)

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i. Department T 347 (Brigade for the capitalistic countries):
   Brigade chief: Bernau (fnu)
   Designing engineer: Wiegand (fnu)
   Draftsman: Nemitz (fnu)

j. Department T 35 (Installation (Montage) department):
   Deputy chief: Ewald (fnu)
   Technologist: Werhahn (fnu)

k. Department T 351 (Chinese installations):
   Chief: Mueller (fnu)

l. Department T 352 (Polish installations):
   Chief: Junold (fnu)
   Installation engineer: Sebastian (fnu)

m. Department T 356 (Hungarian installations):
   Chief, and installation engineer: Kraus (fnu)
   Installation engineer: Grim (fnu)

2. Junold, chief of Department T 352, was working in Poland as an installation engineer on an 8 mw power plant in Oswiecim (Auschwitz), as of 1 November 1954.

3. The Main Department for Power Plants of VEB INEX, in collaboration with the Ministry for Machine Construction, worked out the export planning for the coming years, as shown in the following table:

Year	Turbines		Boilers	
	Quantity	Total Capacity	Quantity	Total Capacity
1956	6	178 mw	6	890 t/h
1957	16	474 mw	19	2,660 t/h
1958	20	696 mw	20	3,095 t/h

4. In consider[redacted]the increase of exports of machine construction products, the Ministr[redacted]hine Construction is considering the establishment of a special [redacted] coordina[redacted] with export c[redacted] Ministry qualified to handle foreign trade discussions and contracts.

5. The 1954 contract work of the Department for Power Plants of VEB INEX was relatively small. As of 1 November 1954, this work totalled 12.7 million DME, of which 8.7 million DME were in contracts with DIA Maschinenexport and 2.7 millio million DME were contracts with DIA Elektrotechnik.

6. In November 1954, a partnership contract was concluded between VEB INEX and DIA Invest-Export. This contract called for mutual cooperation and assistance on a global scale.

7. VEB INEX received a contract through DIA Invest-Export for a sugar factory [redacted] to cost 26 million DME. This plant is supposed t[redacted] 25X1 tons of sugar daily from 2,000 tons of sugar cane. VEB INEX i[redacted] to be ready for the first test run of the factory by the end o[redacted] so that production can begin the first of August 1956. It was not believed that this deadline could be met by East German industry; the earliest possible date would be the end of 1956. The power plant parts for the heating plant call for a 3.2 mw turbine, costing about 4.5 million DME; which would have to be sent by the end of 1955. Three months would then be necessary for shipping, and another three months for the installation. The fulfillment of this contract is also made difficult by the fact that the factory site and the conditions of handling were not definitely established.

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8. The installation of two 2 mw turbines for the sugar factory in Shunger, (sic), China, was also considerably behind schedule. These machines were also built in Dresden and were delivered to China in October 1954. A monthly penalty of 30,000 DME wasebeing paid by East Germany for the delay.

9. A power plant is being built in Berente, Hungary, which is to have a total capacity of 300 mw. The boiler installation of this power plant will include ten boilers of 84 Atü with a capacity of 125 tons of steam per hour each.

10. The power plant project for China, which had been processed down to the last detail, will have to be considerably altered, since it has been discovered that power plants nos. 1 and 2 are not to be new plants, but only expansions of existing facilities. It was felt that the Chinese purpo[redacted] the plants from their own [redacted]

11. Power plant no. 3 of this project is to have a capacity of 2 x 12.5 mw and will cost 8.74 million DME plus packing, which will bring the cost to 9.6 million DME. To be taken into consideration is [redacted] the Chinese are supplying some parts themselves and are als[redacted] sources other than East Germany. Power plant no. 4 is to have [redacted] 2 x 8 mw and will cost 7.066 million DME plus packing, which will bring the cost to 7.73 million DME. These are to be power plants for the supplying of the electric power nets. They will have lines of 110, 77, and 30 kv current which will be transformed to 6 kv lines.

12. On 22 December 1954, China informed VEB INEX that they were in agreement with the altered project for the four power plants, except for the fact that they would like to have another power plant of the same specifi[redacted] [redacted] ements and [redacted] statement o[redacted] is contract was to be concl[redacted] propaganda connected with foreign [redacted]

13. [redacted] for [redacted] DME for this part of the project.

14. The USSR has ordered 44 small power plants with capacities of 1.5 mw. Nine of these were to have been delivered in 1954, and 13 in 1955. The first turbine, built in Dresden, was rejected by the Soviet acceptance engineers. The Soviets then pointed out that if the nine machines scheduled for 1954 did not pass their test runs, they would withdraw the complete contract order. The contract is for a total of 17 to 18 million DME.

15. As of 27 December 1954, VEB Turbinenfabrik Dresden had delivered to the USSR only three of the turbines which were due in 1954. The Soviets have placed a deadline of 25 January 1955 on the other six. Some turbines were tested and passed trial runs when loaded with 750 kw and short-circuit tests of 2.000 kw. The firm responsible for the construction of these power plant installations was the Konstruktions- und Energie-Projektierungsbuero Dresden.

16. The strictly co[redacted] (streng vertraulich) China export proje[redacted] is for an electr[redacted] combine to be erected seven km. east o[redacted] The existing pl[redacted] an area 800 by 800 m. Another combin[redacted] connect to this one on the south; further facts about the new combine were not known. The projected combine is to produce parts for the radio industry and also for television sets and radio transmitters (Sendegeraete). In existence at the site now are the following: a ceramic plan[redacted] ing shop (for tubes); a plant for plastics (Kunstpressstoff - fo[redacted]

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a wire-drawing plant (resistor and tube wire); and a plant for the mechanical processing of parts, called the machine plant. The contract value for East German, is about 150 million DME. Added to this are to be deliveries from [redacted] in a value of 40 to 50 million DME. VEB INEX 25X1
nevertheless has the guarantee for the [redacted] assembly-line
[redacted]
have knowl[redacted]he contract. Two Chine[redacted]ers
are to study [redacted]ne system at VEB Funkwerk Leipzig
RFT. The cont[redacted]engineer for the total DOC project is engineer
Suesskow (fnu). The equipment for the power plant for this project, to be delivered by East Germany, includes two boilers (H 25t/h) and one 3.2 mw turbine. The whole power project seems to be uneconomically planned, since a hot-water heating plant is planned to be erected next to the power plant. It was considered quite possible that the individual parts of this project were designed as part of another secret project which would be capable of producing radio apparatus (Funkgeraete) of a strategic character.

1. [redacted] 25X1

It was considered quite possible that the [redacted]ual parts of this proje[redacted]

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a wire-drawing plant (resistor and tube wire); and a plant for the mechanical processing of parts, called the machine plant. The contract value for East Germany is about 150 million DME. Added to this are to be deliveries in a value of 40 to 50 million DME. VEB INEX nevertheless has the guarantee for the [redacted] assembly-line [redacted] have knowledge of the contract. Two Chinese [redacted] are to study [redacted] system at VEB Funkwerk Leipzig RFT. The contract engineer for the total DOC project is engineer Suesskow (fnu). The equipment for the power plant for this project, to be delivered by East Germany, includes two boilers (H 25t/h) and one 3.2 mw turbine. The whole power project seems to be uneconomically planned since a hot-water heating plant is planned to be erected next to the power plant. It was considered quite possible that the individual parts of this project were designed as part of another secret project which would be capable of producing radio equipment (Funkgeraete) of a strategic character.

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CLASSIFICATION S-E-C-R-E-T

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a. Main Department T 3: Chief - Spott (fnu)
b. Department T 31: Chief - Kolbe (fnu)
c. Department T 32:
(Quotations - Offerten); Chief - Ufer (fnu)
Offerten engineers: Kuhnt (fnu), Konsien (fnu)
Wilke (fnu)
Sachbearbeiterin: Rund (fnu)
d. Department T 33 (Technical department): Deputy chief - Voigt (fnu)
e. Department T 331 (Brigade for China): Brigade chief - Heyne (fnu)
Designing engineers: Bayer (fnu)
Poller (fnu)
Electrical-engineer: Reich (fnu)
Production engineer: Mitz (fnu)
f. Department T 332 (Brigade for Poland): Brigade chief - Hoerold (fnu)
Designing engineer: Steffen (fnu)
Production engineer: Pieper (fnu)
Draftsman: Hermann (fnu)
g. Department T 333 (Brigade for small power plants in the USSR):
Brigade chief: Buszinsky (fnu)
Designing engineers: Fiedler (fnu)
Oswald (fnu)
Weckwerth (fnu)
Electrical-engineer: Bossek (fnu)
h. Department T 346 (Brigade for Hungary):
Brigade chief: Wunderlich (fnu)
Designing engineers: Thomas (fnu)
Neue (fnu)
Schwarzer (fnu)

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i. Department T 347 (Brigade for the capitalistic countries):
Brigade chief: Bernau (fnu)
Designing engineer: Wiegand (fnu)
Draftsman: Nemitz (fnu)

j. Department T 35 (Installation - Montage - department):
Deputy chief: Ewald (fnu)
Technologist: Werhahn (fnu)

k. Department T 351 (Chinese installations):
Chief: Mueller (fnu)

l. Department T 352 (Polish installations):
Chief: Junold (fnu)
Installation engineer: Sebastian (fnu)

m. Department T 356 (Hungarian installations):
Chief, and installation engineer: Kraus (fnu)
Installation engineer: Grim (fnu)

2. Junold, chief of Department T 352, was working in Poland as an installation engineer on an 8 mw power plant in Oswiecim (Auschwitz), as of 1 November 1954.

3. The Main Department for Power Plants of VEB INEX, in collaboration with the Ministry for Machine Construction, worked out the export planning for the coming years, as shown in the following table:

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1957	16	474 mw	19	2,660 t/h
1958	20	696 mw	20	3,095 t/h

4. In consideration of the increase of exports of machine construction products, the Ministry of Machine Construction is considering the establishment of a special Main Administration for Export, whose responsibility it will be to coordinate the activities of the various main administrations who are connected with export contracts. The reason for this is allegedly a lack of personnel in the Ministry qualified to handle foreign trade discussions and contracts.

5. The 1954 contract work of the Department for Power Plants of VEB INEX was relatively small. As of 1 November 1954, this work totalled 12.7 million DME, of which 8.7 million DME were in contracts with DIA Maschinenexport and 2.7 million DME were contracts with DIA Elektrotechnik.

6. In November 1954, a partnership contract was concluded between VEB INEX and DIA Invest-Export. This contract called for mutual cooperation and assistance on a global scale.

7. VEB INEX received a contract through DIA Invest-Export for a sugar factory to cost 26 million DME. This plant is supposed to produce 300 tons of sugar daily from 2,000 tons of sugar cane. VEB INEX is committed to be ready for the first test run of the factory by the end of July 1956, so that production can begin the first of August 1956. It was not believed that this deadline could be met by East German industry; the earliest possible date would be the end of 1956. The power plant parts for the heating plant call for a 3.2 mw turbine, costing about 4.5 million DME, which would have to be sent by the end of 1955. Three months would then be necessary for shipping, and another three months for the installation. The fulfillment of this contract is also made difficult by the fact that the factory site and the conditions of handling were not definitely established. 25X1

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8. The installation of two 2 mw turbines for the sugar factory in Shunger (sic), China, was also considerably behind schedule. These machines were also built in Dresden and were delivered to China in October 1954. A monthly penalty of 30,000 DME was being paid by East Germany for the delay.

9. A power plant is being built in Berente, Hungary, which is to have a total capacity of 300 mw. The boiler installation of this power plant will include ten boilers of 84 Atü with a capacity of 125 tons of steam per hour each.

10. The power plant project for China, which had been processed down to the last detail, will have to be considerably altered, since it has been discovered that power plants nos. 1 and 2 are not to be new plants, but only expansions of existing facilities. It was felt that the Chinese purposely did not state their requirements precisely enough at first, in order to get hold of the blueprints and other data which would allow them to build the plants from their own manufactured parts or parts imported from other sources.

11. Power plant no. 3 of this project is to have a capacity of 2 x 12.5 mw and will cost 8.74 million DME plus packing, which will bring the cost to 9.6 million DME. To be taken into consideration is the fact that the Chinese are supplying some parts themselves and are also using of sources other than East Germany. Power plant no. 4 is to have a capacity of 2 x 8 mw and will cost 7.066 million DME plus packing, which will bring the cost to 7.73 million DME. These are to be power plants for the supplying of the electric power nets. They will have lines of 110, 77, and 30 kv current which will be transformed to 6 kv lines.

12. On 22 December 1954, China informed VEB INEX that they were in agreement with the altered project for the four power plants, except for the fact that they would like to have another power plant of the same specifications as plant no. 3. This would increase the cost of the project by about 10 million DME and bring the total to 70 million DME. HA Invest-Export then sent to China a comprehensive offer, embodying all the requests and requirements and a statement of the terms of contract. This contract was to be concluded at the Leipzig 1955 Spring Fair as part of the propaganda connected with foreign trade contracts.

13. China, as of 27 December 1954, had still not paid for the processing of the power plant project. VEB INEX has a claim on HA Invest-Export for 200,000 DME for this part of the project.

14. The USSR has ordered 44 small power plants with capacities of 1.5 mw. Nine of these were to have been delivered in 1954, and 13 in 1955. The first turbine, built in Dresden, was rejected by the Soviet acceptance engineers. The Soviets then pointed out that if the nine machines scheduled for 1954 did not pass their test runs, they would withdraw the complete contract order. The contract is for a total of 17 to 18 million DME.

15. As of 27 December 1954, VEB Turbinenfabrik Dresden had delivered to the USSR only three of the turbines which were due in 1954. The Soviets have placed a deadline of 25 January 1955 on the other six. Some turbines were tested and passed trial runs when loaded with 750 kw and short-circuit tests of 2.000 kw. The firm responsible for the construction of these power plant installations was the Konstruktions- und Energie-Projektierungsbuero Dresden.

16. The strictly confidential (streng vertraulich) China export project DOC is for an electrotechnical combine to be erected seven km. east of Peiping. The existing plan calls for an area 800 by 800 m. Another combine is to connect to this one on the south; further facts about the new combine were not known. The projected combine is to produce parts for the radio industry and also for television sets and radio transmitters (Sendegeraete). In existence at the site now are the following: a ceramic plant; a glass-blowing shop (for tubes); a plant for plastics (Kunstpressstoff - for housings);

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a wire-drawing plant (resistor and tube wire); and a plant for the mechanical processing of parts, called the machine plant. The contract value for East Germany is about 150 million DME. Added to this are to be deliveries [redacted] in a value of 40 to 50 million DME. VEB INEX nevertheless has the guarantee for the functioning of the assembly-line setup, although the types of machines to be imported are not all known to them. All action concerning the contract is surrounded by an aura of secrecy. Allegedly, only Jaffke chief of VEB INEX, and technical director Neumann have knowledge of all the clauses of the contract. Two Chinese engineers are to study the assembly-line system at VEB Funkwerk Leipzig RFT. The control (Kontroll) engineer for the total DOC project is engineer Suesskow (fnu). The equipment for the power plant for this project, to be delivered by East Germany, includes two boilers (H 25t/h) and one 3.2 mw turbine.[1]

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1. [redacted] Comment: The whole power project seems to be uneconomically planned, since a hot-water heating plant is to be erected next to the power plant. It was considered quite possible that the individual parts of this project were designed as part of another secret project for the production of radio equipment (Funkgeraete) of a strategic character.

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[redacted]